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FM AMEMBASSY JAKARTA

TO RUEHC/SECSTATE WASHDC PRIORITY 9124

INFO RUCNARF/ASEAN REGIONAL FORUM COLLECTIVE PRIORITY

RUEHBY/AMEMBASSY CANBERRA PRIORITY 8951

RUEHWL/AMEMBASSY WELLINGTON PRIORITY 0549

RHEHNSC/NSC WASHDC PRIORITY

RUEKJCS/SECDEF WASHDC PRIORITY

RHHMUNA/USCINCPAC HONOLULU HI PRIORITY

C O N F I D E N T I A L SECTION 01 OF 02 JAKARTA 001652

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E.O. 12958: DECL: 02/08/2014

TAGS: PGOV KISL ECON ID

SUBJECT: EX-RELIGION MINISTER CONVICTED ON CORRUPTION

CHARGES

Classified By: Political Officer John Rath. Reason: 1.4(d).

¶1. (C) Summary: The GOI's anti-corruption campaign scored its biggest success to date with the February 7 conviction of former Minister of Religion Said Agil Hussein Al Munawar and an aide for embezzling nearly USD 71 million in funds earmarked to support Indonesians perform the Hajj pilgrimage to Saudi Arabia. Agil, who served in the Megawati Sukarnoputri administration, was sentenced to a jail term of five years and ordered to pay a fine and some restitution. Anecdotal reaction to the conviction was generally positive, though some of Agil's former colleagues felt that he had been made a scapegoat. With no political juice of his own and accused of charges that appall even the most ethically-challenged members of Indonesian society, Agil was an easy high-profile trophy for GOI anti-corruption headhunters. A clearer test of SBY's anti-corruption campaign will come during the ongoing trial of well-connected banker Eddy Nelloe. End Summary.

Raiding the Hajj Trust Fund

¶2. (SBU) An Islamic scholar from the Nahdlatul Ulama (NU) organization, Agil served as Minister of Religion from 2001-2004. His arrest last year on charges of skimming about USD 71 million from a GOI Department of Religion-controlled trust fund drew headlines as evidence of the Yudhoyono government's intent to crack down on corruption at all levels of public administration. The trust fund in question was established in the early 1990s by one of Agil's predecessors with the stated goal of achieving economies of scale to facilitate a reasonably-priced Hajj pilgrimage for Indonesia's annual quota of 200,000 pilgrims. During the Agil years, his department provided an all-inclusive Hajj package for approximately USD 2500, which was paid directly into the trust fund. Numerous contacts have told us that GOI misuse of the trust fund was an open secret for many years even prior to Agil's tenure.

¶3. (SBU) At trial, Agil acknowledged diversion of trust fund money but denied that he had enriched himself or his family. Rather, he argued that the bulk of the diverted funds was used to pay for various off-budget Department of Religion projects and salary enhancements to Department of Religion personnel, with a smaller but still significant sum paid out as gratuities to a long list of GOI legislators, auditors, and bureaucrats. Although prosecutors asked for a ten-year sentence, the Central Jakarta District Court handed down a five-year jail term that can be enhanced if Agil fails to pay approximately USD 250,000 in fines and restitution. A senior Agil aide received a slightly lesser sentence: both stated

after the court decision that they planned to appeal.

Reaction

¶4. (C) Anecdotal soundings reveal a mostly positive reaction to Agil's conviction as a sign that the Yudhoyono government is serious about its anti-corruption push. For example, Sudibyo Marcus, an academic and senior leader of Muhammadiyah (the rival Muslim organization of Agil's NU) expressed satisfaction over the conviction. Expressing an opinion commonly associated with the Agil case, he noted that the crime of stealing money from people who are performing an obligatory religious rite (in many cases the money represented a lifetime's savings) is particularly unconscionable and demands a stern punishment. Muslim educator and opinion leader Azyumardi Azra agreed on the importance of Agil's conviction as an example to other GOI officials. Azra opined that Agil, who is an adjunct professor at Azra's State Islamic University, may be given an even harsher sentence by an appellate court.

¶5. (C) Some of Agil's NU colleagues and former Department of Religion subordinates expressed concerns that Agil was merely a convenient scapegoat for a government eager for a high-level corruption conviction but unwilling to pursue bigger fish who have better political connections. NU Deputy Chair Masdar Mas'udi told us that NU would decline to comment on the case until Agil's appeal had been adjudicated. However, he and former Department of Religion official Musdah Mulia told us that they personally question why the GOI has made no effort to investigate Agil's claim that he shared embezzled funds with numerous active GOI officials and legislators. They also claimed that Agil's trust fund use

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was no different than that of past ministers, who have not been investigated or charged.

Comment

¶6. (C) Agil's conviction counts as an important victory for SBY's anti-corruption campaign. However, Agil presented a relatively easy and appealing target because he is a career academic with few political patrons, and he stood accused of offenses over which even the most jaded and venal Indonesians can work up a righteous lather of indignation. A clearer test of SBY's anti-corruption campaign will come during the ongoing trial of former Bank Mandiri President Eddy Nelloe, who has much stronger political ties to Indonesia's business and government elite.

PASCOE